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STATE OF NEW YORK,

EXECUTIVE CHAMBER,

ALBANY, *March* 18, 1875.

To the Legislature:

I have received a petition from forwarders, boatmen, and others engaged in transportation on the canals of this State, representing that the depressed state of their business calls for legislation, and necessitates a reduction of tolls; and requesting me to look into the condition of the canal commerce, and to make such recommendations to the Legislature as will lead to measures of relief.

Respectful consideration is due to so large and important a class of our business men. They are proprietors of about six thousand boats, which are said to give employment directly to thirty thousand persons, and indirectly to twenty thousand others. They are in the peculiar relation of partners of the State in a vast internal commerce; owning and managing the equipment while the State owns and manages the body of the canals. The State therefore not only has a common interest in the preservation of the joint business, but has a distinct and special interest in the ability of its partners to continue to perform their functions, without which the joint business could not be transacted. It cannot afford to suffer the equipment of the canals to be broken up; to allow a dispersion of the traffic which, if once lost, will not be easily regained; or to omit any measures of retrenchment in expenditure or economy of administration which will enable it and its partners to meet sucessfully the increasing competition of the railways with each other and with water transportation.

Impressed with the considerations which induce a liberal policy on the part of the State towards its partners in the internal commerce it has seen fit to undertake, I am, on the one hand, predisposed to every practical and just measure for enfranchising trade and industry and cheapening the interchange of commodities, and, on the other, to listen to the rightful complaints of our people against the extreme burden of our present taxation and the prodigal and wasteful expenditure in connection with the canals, which is one of the main causes of such taxation.

I have, therefore, felt it my duty to devote the intervals of time I could command to a personal investigation of the subject, in order to be able to recommend to you such specific measures as the exigency seems to require, in the direction indicated in the following passage of the message I had the honor to communicate at the beginning of your session.

"A careful investigation whether the net incomes of the canals retained cannot be increased, ought to precede a surrender of what little now exist. Ordinary repairs should be scrutinized with a view to retrenching their cost, and to obtaining the largest possible results from the outlay. * * * All improvements should be governed by a plan and purpose, leading to definite results; and, instead of scattering expenditures on imperfect constructions, should aim to complete and make available the specific parts undertaken. Unity of administration and of system, both in respect to repairs and improvements, should be established."

Probable Income of the Canals.

Exhibit A is a comparative monthly statement of the tolls on all the canals for the years 1873 and 1874. It shows that, during the months of October and November and a few days of December, which fall within the present fiscal year, in which period about one-quarter of the tolls of the year were collected, the decrease of tolls is from $836,123.27 to $638,132.96, or $197,990.31. The decrease is about one-fourth of that portion of the tolls. A corresponding decrease for the months of May, June,

July, August and September, 1875, as compared with the same months of 1874, would amount to $600,000. That would leave the tolls for the fiscal year of 1875 at $2,037,000.

Assuming them to realize $2,250,000, we are next to find the probable effect of the reduction in rates which is now proposed.

Exhibit B is a statement of the effect of the reduction in the rates proposed computed on the tolls of the calendar year of 1874.

If a similar computation be made on $2,250,000, instead of $2,637,070, the reduction of receipts to be produced by the lowering of the rates would be $534,832. The gross tolls accruing from all the canals for the fiscal year ending September 30, 1875, would be $1,715,168.

This diminution of tolls presents in a strong light not only the general depression of commerce, but particularly that of the special business of the boatmen and forwarders.

Taxation for Canal Purposes,

During five years from Oct. 1st, 1869, to Sept. 30th, 1874.

The public mind is apt to be confused by the various methods in which the complex accounts of the State are kept. A careful analysis and comparison of those accounts enables the following results to be stated in a simple form:

The total amount of the tolls on all the canals during the five fiscal years ending Sept. 30, 1874, was	$15,058,361 75
The aggregate of ordinary expenses and ordinary repairs during the same period was	9,202,434 23
The apparent surplus was	$5,855,927 52
The aggregate of extraordinary repairs during the same five years was	$10,960,624 84
Deduct the apparent surplus	5,855,927 52
Real deficiency, being excess of repairs ordinary and extraordinary over the whole tolls	$5,104,697 32

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Other payments were :		
Interest	$2,908,617 46	
Cost of premium on gold	703,468 35	
Cost of premium on stock purchased	31,736 00	
Transfer expenses, etc.	21,238 49	
		3,665,060 30
Actual cost, exclusive of reduction of debt		$8,769,757 62
Payment of debt :		
Canal debt	$2,334,350 00	
General Fund debt, over the reduction of moneys in sinking funds,	2,552,132 28	
		4,886,482 28
Contribution to General Fund		200,000 00
		$13,856,239 90
The taxes levied for these purposes during the same period were		$14,789,848 25

All these payments are directly for canal purposes, except $2,552,132.28, which is in reduction of the General Fund debt, and $200,000 which was supplied to the General Fund.

These two payments also, are indirectly of the same character. They but replace fresh advances made by the General Fund, to the canals.

In the five years anterior to the period under consideration, from Oct. 1st, 1864, to Sept. 30th 1869, the taxes levied to meet deficiencies in the sinking fund, were $1,873,030.54 and the taxes levied for extraordinary repairs, awards, etc. were $6,322,632.52, making $8,195,663.06.

The Constitution (Art. VII, sec. 5) provides that, " Every contribution or advance to the canals or their debt, from any source, other than their direct revenues, shall, with quarterly interest,

at the rates then current, be repaid into the Treasury, for the use of the State, out of the canal revenues as soon as it can be done consistently with the just rights of the creditors holding the said canal debt."

In citing this mandate of the constitution, it is not intended to revive the illusion that even the most recent advances of the state for the use of the canals will ever be restored to the treasury. There is little probability that they can be regarded as investments capable of producing a reliable income. So far as these enormous outlays have been usefully expended, the State will have to find its compensation, for the taxes it has imposed upon the people, in the indirect benefits of its efforts to cheapen the interchange of commodities.

Exhibit C shows the expenditures for extraordinary repairs, etc., for each of the five years.

Exhibit D shows the expenditures from taxation for the sinking funds during the same period.

Exhibit E shows the specific application of the surplus of tolls over ordinary expenses and repairs.

Character of the Expenditure.

Some items of the outlay attract attention. On the canals which the amendment of the Constitution authorizes the Legislature to abandon, there was expended for :

Extension of the Chenango canal	$676,158 68
Black River improvement	15,400 00
Oneida Lake	100,000 00
Extraordinary repairs	899,852 82
Awards, etc.	969,875 57
	$2,661,287 07

If the inability of these canals to meet their ordinary expenses, or indeed to make any respectable contribution toward that pur-

pose shall compel their abandonment, this great expenditure will be a total waste of money, wrung from the people by taxation.

On the Erie canal the following are two specimens:

Work up to Feb. 1, 1875, on contract on section 1 of Erie canal, contracted at $74,183.40		$458,114 72
Work in Black Rock and Buffalo harbors, expended	$717,333 00	
Engineering expenses estimated	71,733 00	
Additional appropriation unexpended	170,000 00	
		$959 066 00
		$1,417,180 72
Total		$4,078,467 79

This constitutes four millions of the eleven millions expended and the twelve millions appropriated for canal improvements within the last five years.

In the meantime, the whole expenditure—at rates far too costly—on the Erie canal, for doubling locks, was	$718,984 23
For taking out the wall benches	1,013,870 25
	$1,732,854 48

It is impossible, in the limited time which the exigency allows, to thoroughly investigate the vast mass of various outlays which have cost the people eleven millions of dollars. But the necessity of determining at once the tolls and appropriations, a sense of how small a share of this burdensome taxation has attained any real utility, and how much of it has been wasted in unnecessary work, or in the extravagant execution of improvements in themselves useful, and a clear perception of the main sources of the evils of administration, and of reforms attainable by legislation without a change of the Constitution, make it my

duty now to recommend specific and affirmative measures of redress.

Causes.

It is not merely in the general laxity and demoralization of official and political life, that we are to look for the causes of thees evils. The interest which fattens on abuses of public expenditure, is intelligent, energetic and persistent. Acting as a unit, it takes part through its members in the organization and the doings of both political parties; seeks to control nominations; rewards friends and punishes enemies; and it begins to operate by every form of seductive and coercive influence upon public officers, as soon as they are elected. The vast mass of the tax-payers are occupied in their daily industries, on their farms and in their work-shops, and cannot easily, and do not, in fact, make a business of politics. In a silent contest with the tax-consumers, they are often practically unrepresented. It is only when they are aroused and organized, and can find representatives whom they trust that they protect themselves and overwhelm all resistance. Useless works in the specious garb of improvements are undertaken, because of the indifference of the public officers—the inertness of the tax-payers—the indefatigable efforts of an influence seeking a benefit for its locality, which costs it an insignificant share of the burden imposed on the people; or the eager activity of the class who seek profit in contracts for construction, without reference to the utility of the work. Vertical walls are made to provide wharves for private individuals, and bridges where no public interest requires them. Fictitious improvements are contrived to supply profitable jobs. Work of real utility is made to cost greatly more than its actual value.

In making these observations, I do not leave out of view those honest citizens who while employed upon the public works have sought and obtained only a fair and just return for their labor, skill and capital. But in framing laws we must guard against the influence of self-interest upon the minds of honest men.

Appropriations for Ordinary Expenses and Repairs.

I renew the recommendation in respect to the canals which the recent amendments of the Constitution empowered the legislature to "sell, lease, or otherwise dispose of," that while the manner of their disposition remains undetermined, "no expenditures should be made on those works not strictly necessary in view of their probable future." In order to carry out this policy, the appropriations for ordinary expenses and repairs upon them should be specified, separated from the provisions for the canals which the constitution requires to be retained; and should be reduced to the lowest practicable amount.

In respect to ordinary expenses and repairs to the canals which are to be retained as the property of the state, I recur to the suggestion which I had the honor to submit in the annual message:

"Ordinary repairs should be scrutinized with a view to retrenching their costs, and to obtaining the largest possible results from the outlay."

In the present state of the prices of materials and the wages of labor, if the public officers can be inspired with a resolute purpose to make every expenditure for these objects effective, there ought to be no difficulty in reducing the appropriations from one quarter to one-third below the amount provided for last year.

The present standard of repair and efficiency must be fully maintained.

Everything of good administration, consists in the selection of the most necessary and useful objects of expenditure, and in securing the greatest effectiveness in the application of labor and the most advantageous purchase of materials.

If a determination to accomplish this result, and a sense of accountability can be diffused throughout the agents employed in the public service, this object will be easily and certainly attained.

Appropriations for Extraordinary Repairs.

The wisdom of abstaining from all new work, except that which

is not only useful but absolutely necessary, is obvious. Every item should be scrutinized with jealous care.

The aggregate ought to be kept within half a million ; and as much below that maximum as possible. A thorough retrenchment in ordinary and extraordinary repairs, will enable the State to remit for the present year, as compared with the last, to the boatmen and transporters, from five to six hundred thousand dollars of tolls, and at the same time to give relief to our over burdened taxpayers, in a reduction of taxes, to the extent of more than a million and three quarters of dollars.

If the restoring the Erie canal to its proper dimensions and the deepening of its water-way, which is by far the most useful improvement contemplated, can be deferred till next year, after its present condition shall be accurately ascertained, and then be proceeded with gradually, there is little else which cannot wait.

Justice to the people and to the canals, demand that all extraordinary repairs, beyond what are clearly necessary to efficient navigation, should be suspended until a thorough investigation shall show that every improvement proposed is really necessary ; and that the work is to be conducted under fair lettings and contracts, and is to be faithfully executed.

Erie Canal.

At the opening of navigation the present season, the double locks will be completed. The capacity of the Erie canal to do an aggregate business will be several times the requirements of the largest tonnage it has ever had.

The removal of the wall-benches will be so nearly completed, that the advantages of that change will be practically secured.

On September 30th, 1874, there remained of wall-benches 24 48-100 miles on the towing-path side, of which 12 25-100 miles are contracted to be removed ; and 46 91-100 on the berme side, of which 7 50-100 are contracted to be removed ; leaving 12 23-100 miles on the towing-path side, and 39 41-100 miles on the berme side, where the obstruction is much less important ; or

equivalent in all to 26 miles on both sides. That is less than seven per cent. of the whole length of the canal.

The Engineer's estimate of the cost of removing the remaining wall-benches was, in January, 1874, $711,140; and an appropriation of $360,000 was made by the Legislature of 1874, which will be available for expenditure during the present year.

As the only effect of the wall-benches now remaining is that they contract the canal at its bottom from 56 feet to 42 feet, and, in that proportion, the lower part of the prism, forming a section four feet above the bottom of the water-way—thus lessening the body of water in which the boat moves for a fourteenth part of the length of the channel, and but one-fifth of that on the towing-path side—the inconvenience of their existence, to this limited extent, is not very great or emergent.

In my judgment, a far more important improvement of the Erie canal would be effected by a thorough system of ordinary repairs, which should give the water-way its proper and lawful dimensions; and by progressively deepening it, wherever reasonably practicable, from seven to eight feet. As the object would be merely to enable the submerged section of the boat to move in a larger area of water, so that the displaced fluid could pass the boat in a larger space, it would not be necessary to alter the culverts or other structures, or to carry the walls of the canal below the present bottom; and the benefit would be realized in each portion of the canal improved, without reference to any other part of the channel which should remain unchanged. In facilitating the movement of the boat, and quickening its speed, it would increase the amount of service rendered in a given time, and would thereby diminish every element of the cost of transportation. It would benefit the boatmen and carriers more, even, than one cent a bushel remission of tolls. It would be of more real utility to navigation than five or ten times its cost expended in the average manner of so-called improvments on the public works. But it is too simple, too practically useful, to enlist the imagination of projectors who seek the fame

of magnificent constructions and of engineers who build monuments for exhibition to their rivals, or to awaken the rapacity of cormorants who fatten on jobs.

I renew the recommendation of my annual message upon this subject; and particularly "that provisions be made by law to enable the State Engineer, soon after navigation is opened, to measure the depth of water in the canal by cross-sections as often as every four rods of its length, and on the upper and lower mitre-sill of each lock."

Canal Lettings.

The Constitution of the State provides that "*All contracts for work or materials on any canal shall be made with the person who shall offer to do or provide the same at the lowest price, with adequate security for their performance.*" This requirement was intended to protect the State from extravagant contracts; but by artful bids, and in some cases, by fraudulent combinations, it is made an instrument to defeat the very end had in view by its authors. I have examined more than one hundred contracts, and I find that most are so contrived that not only does the State in the end pay from two to four times the amount of the contract, but that the work is not given to the lowest bidder in fact, although it may be in form. This result is brought about by the following contrivance.

When a contract is to be let the Engineer makes out an estimate of the quantity and kinds of work to be done. Those who make bids state at what prices they will do each kind of work, or furnish each kind of material. These prices are footed up, and the bid which amounts to the smallest sum is accepted. The sums thus agreed upon average but little more than one-half the amounts estimated by the Engineer, and apparently the State makes advantageous contracts. On examination, it will be found that the prices for the several items bear no relation to their real value. In some instances excavation of earth is put at one cent

per cubic yard, and in others eighty-five cents are asked. Excavation of rock blasted at one cent in some cases, and two dollars in others. Slope wall is bid for in some cases at 20 cents, and in others at $2. Hemlock timber which is worth at least $12 per thousand, is in some contracts put at less than $3 per thousand, and in others at $30 per thousand. Oak timber in one instance is put at $1 per thousand, and in others at $70. Some items are absurdly low, others unreasonably high.

In some instances, a contractor will put in proposals on the same day for different jobs, but the prices for the same kind of work or materials will vary in his several proposals several hundred per cent.

It is clear upon the face of such proposals that some fraud is designed, but the Commissioners have been in the habit of accepting them. I am happy to say that Commissioner Thayer at a recent letting rejected this class of proposals, which are known as "unbalanced bids." Heretofore they have been accepted, and not only has the State paid unreasonable prices, but more than one-half of the work on large contracts has been done and paid for without being advertised or offered to the lowest bidders.

The contractor gains these results by the following strategy :

When the Engineer's estimate of quantities and kinds of material are published by the Commissioners, the contractor will find out by collusion, or in some other way, what quantities of each kind of work or material will, in fact, be required, or he will see what influence he can exert to change the contract after it is made. If it is changed, no new letting is had, but he claims the job as his right.

He then puts in his bid, offering to do such work or to furnish such material as he finds will not be required at all, or in small quantities, at absurdly low prices, at a quarter or in some instances at a twentieth part of its cost. The items which will be required in full, and probably in extra quantities, he will put at unreasonably high rates, and it turns out that what the contractor offers at low prices, is called for in small quanties, if at

all, while those which are put at high prices are not only required in full, but in most cases in extraordinary quantities.

An example will more clearly illustrate how the State is defrauded by these devices.

The Engineer having estimated certain work and materials as follows:

100 cubic yards of vertical wall at $3	$300 00
3,855 " slope wall at $1.50	5,782 50
2,400 feet B. M. white oak, at $50	120 00
60,000 " hemlock, at $15	900 00
Total estimate	$7,102 50
A.'s bid for the job at these rates amounted to	7,102 50

B.'s bid for the same was, for

100 cubic yards vertical wall, at $6	$600 00
3,855 " slope wall at 30 cents	1,156 50
2,400 feet B. M. white oak, at $70	168 00
60,000 " hemlock, at $3	180 00
and aggregated	$2,104 50

The proposal of B., apparently so advantageous to the State, was accepted, and the contract awarded to him as the "lowest bidder." But afterwards, by some influence, it was decided to make only vertical, and no slope wall, and to use only oak and no hemlock timber. There was no re-letting, although the agreement had been in fact revamped into a new and different contract, which enabled B. to collect from the State for

3,955 cubic yards of vertical wall, at $6	$23,730 00
62,400 feet B. M. white oak, at $70	4,368 00
the sum of	$28,098 00

It will be seen that in such transactions—and they are numerous—in violation of the Constitution, the contractor gets the

work without there having been in fact any public letting, or any chance for competition by others.

For the purpose of showing actual results of this system, I state the following ten cases, which give the amount the State has paid on certain contracts in comparison with the sum for which the contractor agreed to do the work at the lettings made by the Commissioners.

	Amount of contract upon exhibited quantities at contract prices.	Amount actually paid by the State up to Feb. 1, 1875.
Contract No. 1	$74,183 40	$458,114 72
" 2	29,431 00	56,845 68
" 3	37,871 00	110,320 13
" 4	10,617 00	49,936 30
" 5	14,397 00	78,967 20
" 6	85,562 50	220,614 58
" 7	31,286 00	130,317 45
" 8	86,584 00	222,610 68
" 9	9,504 00	41,127 55
" 10	45,300 00	191,915 55
	$424,735 90	$1,560,769 84

These show that the State has already paid nearly four times the amount which was involved by the terms of the contracts, and though this excess amounts to more than a million of dollars, some of the expenditures are still going on with no prospect of completion. It also appears that of the expenditures of $1,560,769.84, only $424,735.91, less than one third, was submitted to a public letting.

By manœuvres of this character the costs of public works are run up to extravagant sums. Appropriations are absorbed, deficiencies are created to be paid by new appropriations, and the people are loaded down by taxes.

Remedial Measures.

Desiring to co-operate with you in a reform of existing abuses, and of the systems which have conduced to them, I submit to your consideration such suggestions for new legislation as seem to me adapted to meet the wishes and protect the interests of our common constituents.

Engineers' Estimates.

Methods ought to be devised to make the estimates of the kinds and quantities of work, exhibited on the quantity sheet for lettings of contracts, to conform to the actual work to be done. On a change of the plan or specifications of a contract, the work under the old contract should be closed, and a new letting should take place.

Biddings.

The law authorizes the Canal Board to make regulations as to the biddings, and one of those regulations provided for discarding bids which show bad faith upon their face.

As the officers who let the contracts have not enforced this regulation, except in a recent case, a law should be passed defining their rights and duties in this respect.

I recommend that hereafter the bids be opened, and the awards of contracts be made by the Canal Board. It is a larger body, and contains the officer who is charged with the fiscal administration of the State, and also the State Engineer. It was formerly vested with these duties, and the change was only made to serve a temporary party object.

Official Accountability.

In the organization of governmental powers two conditions seem essential to the well working of the machinery of administration. *First.* While undue concentration of powers should be avoided, and checks and balances, in the requirement of the concurrent action of several persons, are preserved, a certain unity of function

and of organization is necessary to enable the people to enforce any real responsibility.

An issue in regard to the conduct of public officers, or in regard to a policy of administration, should be submitted to the people with the simplicity of an issue to a jury at common law. The million of voters in the State cannot resolve themselves into a committee of investigation to hunt out by long and tedious search the particular wrong-doer. They cannot convert themselves into a court to go through a complicated and protracted trial. Amid the numerous and changing objects of interest which attract their attention they cannot devote themselves to a single specific measure of ordinary importance for three successive years. All schemes of administration which involve such impracticable demands for the co-operation of such vast numbers of individuals, discard the idea of representation in government. They compel the whole voting mass to conduct the complex affairs of human society in person. They are snares invented to destroy the power of the people in their own government, to neutralize the elective principle, and to create official irresponsibility.

The members of the Canal Board, other than the Canal Commissioners and the Lieutenant-Governor, are all chosen at one election. The elective power of the people is effectual to make a change of persons or policy. But the Canal Commissioners are elected one each year, and it takes three years to make a complete change. They have practically ceased to act as a board. Each one carries on his administration over his division of the canals as if he were a totally independent authority. They make three separate reports. Each one prepares a separate annual estimate for future expenditures. They formerly sat as members of a Board of Canal Commissioners, who consulted, decided and acted as one integral body. Their most important functions were performed as members of the Canal Board, or in concert with the Canal Board, which embraced the great officers of the State, including its fiscal representative, who is under an ever active pressure to make both ends meet in the financial affairs of the

State. They were practically subordinate to the fiscal members of the Administration.

Secondly—It is fundamental that the spending officers must be subject to the influence and control of the officers whose duty is to provide the ways and means. No great corporate business, no private affairs could be conducted successfully on any other plan. The experience of the State, under a system in which the officers who initiate expenditure and control the application of the public money, and the execution of public work, have been independent and practically irresponsible, has been fruitful of irregularities, extravagance, waste and corruption. There have been several futile impeachments, but no real remedy.

It does not seem expedient to wait for a change which involves an amendment of the Constitution, and will, therefore, take several years. There are measures within the competency of the Legislature which can be put into immediate operation, and which will have great efficiency to remedy the evils.

Among these, the suggestion has occurred to me, that an Inspector of Public Works can be created by law, who shall be invested with full powers of investigation, and shall report to the Governor and Legislature; and who shall derive his appointment from a source completely independent of the canal officers.

Another expedient worthy of your consideration is to enforce the accountability of the officers, charged with the disbursement of the public money, by a liability to summary removal or suspension.

The Constitution (Art. X, Sec. 7.) commands:

"Provision shall be made by law for the removal for misconduct or malversation in office of all officers (except judicial) whose powers and duties are not local or legislative and who shall be elected at general elections, and also for supplying vacancies created by such removal."

At the close of the session of the convention of 1846, on the day before its final adjournment, it was discovered that, except in the

case of the Treasurer, no provision had been made for the removal of State officers having charge of public funds, who had been made elective by the people of the whole State. The convention, not undertaking at so late a period to devise a system, devolved that duty on the Legislature. This power has remained twenty-nine years unexecuted.

It is a duty of the Legislature which ought no longer to remain unperformed. Applied to the Canal Commissioners, who are agents not only in the application, but in the custody and disbursement of the public moneys, and to the State Engineer, who, with his subordinates, exercises great power over the expenditure by his estimate of the cost and certificates of the performance of work, it would be an improvement upon our administrative system, in accord with the intention of the Constitution, with sound principles of government, and with the indications of experience.

Provision ought also to be made by law, for regulating the formation of the annual estimate for future expenditures. It ought not only to be the result of consultation between the Canal Commissioners, but should have the written approval of the State Engineer as to the necessity and cost of the work; and of the Comptroller as to its propriety, considered in connection with the financial administration.

It would doubtless be a valuable improvement to create a paymaster, appointed by the Commissioners of the Canal Fund, who should be accountable to the Auditor, and should make all payments on the certificates of the Canal Commissioners and State Engineer. With these provisions the control of the State Engineer over his subordinates might properly be enlarged.

Others Matters to be looked into.

I have deemed it my duty to look beyond the abuses practised in the letting of contracts, and to see if the materials have been delivered, and the work has been done, for which so many millions have been paid out by the State, and also to learn if the locks,

walls and other structures have been built in a faithful way, and in compliance with the contracts. I am satisfied from information I have already gained, that there should be an investigation of these subjects. It is my purpose, with the aid of the members of the Canal Board, to have an examination made of our public works, and to learn their condition. It may be too late to detect all frauds, but many may be exposed and punished, and a check put upon practices so destructive to morals, as well as to the public interests of the people of the State.

Conclusion.

It is clear that under the present system of canal management the people will not be relieved from taxation, the boatmen from high tolls, or the needed improvements of the Erie and Champlain canals be finished. It is in our power to gain these great objects by a wise and an honest policy of retrenchment, reform and official responsibility. Unfortunately the abuses now practised against our canals and their commerce are exciting strong prejudices against these great public works rather than against the wrong-doers and the wrong-doing which tend to destroy them.

Our duty is clear. Let us cut off the expenses which divert revenues from general improvement of the canals to local or individual purposes, make every official, every employee, every contractor feel that the laws you have just passed against fraud will be enforced, and our canals will be finished, their commerce revived, and taxtion will be lessened not only as it oppresses the boatmen, but also all other classes of our citizens..

There is no real antagonism between the boatmen and forwarders who seek a fair compensation for their services, the public who desire cheap transportation, and the people who justly claim some relief from the present intolerable pressure of taxation. Their interests are joint. Whenever these classes are brought into a false position of apparent hostility, it is sure proof either of a bad state of laws, or of an unfaithful performance of official

duties. Whoever for illicit gain despoils or wastes the resources applicable to these objects, is the common enemy of the boatmen and the taxpayers, who must unite to enforce measures of reform and redress.

SAMUEL J. TILDEN.

APPENDIX.

EXHIBIT A.

A comparative monthly statement of the tolls for 1873 *and* 1874:

MONTHS.	1873.	1874.
April		
May	$258,028 29	$361,898 96
June	439,888 24	492,393 57
July	466,825 67	413,525 09
August	455,799 88	308,769 10
September	520,053 40	422,351 24
October	529,214 91	392,460 83
November	304,610 00	243,569 38
December	2,298 36	2,102 75
	$2,976,718 57	$2,637,070 92

EXHIBIT B.

A statement of the amount of reduction of tolls which would result from the plan proposed by the Committee of the Canal Board, computed on the business of 1874.

The reduction proposed is as follows: On wheat, corn, rye, barley and oats, one-third. On products of wood, one-quarter. On merchandise, one-half.

	Tolls at rates of 1874.	Tolls at proposed rates for 1875.	Loss by the reduction.
Wheat	$695,003 00	$463,335 00	$231,668 00
Corn	500,297 00	333,532 00	166,765 00
Rye	4,504 00	3,002 00	1,502 00
Barley	42,264 00	28,179 00	14,085 00
Oats	52,389 00	34,926 00	17,463 00
Products of wood	718 427 00	538,821 00	179,606 00
Merchandise	60,110 00	30,055 00	30,055 00
	$2,072,994 00	$1,431,850 00	$641,144 00

Total tolls	$2,637,071 00
Total tolls, boats	160,328 00
Tolls on freight	$2,476,743 00

Total tolls collected at the tide water offices in 1874, on freight going west and north, ... $233,200 72

EXHIBIT C.

Statement of the sums derived from taxes, applied during each of the several years, to work on the canals, etc.

Date.	Damages and awards.	Extraordinary repairs.	Improvement and enlargement of Champlain Canal.	Extension of Chenango Canal.	Improvement of Black River and reconstruction Oneida Lake canals.	Totals.
					Black River.	
1870	$55,260 04	$1,016,528 73	$80,000 00	$200,000 00	$15,400 00	$1,367,188 77
1871	980,336 47	2,294,028 20	164,713 61	200,000 00	----------	3,639,078 28
					Oneida Lake.	
1872	----------	470,495 71	402,297 43	175,000 00	$25,000 00	1,072,793 14
1873	772,154 65	1,422,688 41	69,544 75	101,158 68	50,000 00	2,415,546 49
1874	677,675 02	1,763,343 14	----------	----------	25,000 00	2,466,018 16
	$2,485,426 18	$6,967,084 19	$716,555 79	$676,158 68	$115,400 00	$10,960,624 84

Sinking Fund as per table No. 1 ----------	2,895,615 06
	$13,856,239 90
The taxes levied were in excess of the taxes applied, as shown in this table ------	933,608 35
Total taxes levied for canal purposes ----------	$14,789,848 25

EXHIBIT D.

Statement showing the sums derived from taxes to supply deficiencies in the Sinking Funds for payment of principal and interest of the Canal Debt, and to pay principal and interest of the Floating Debt, under the Constitution (Art. VII., Sec. 12).

DATE.	Sinking Fund, Article 7, Section 1.	Sinking Fund, Article 7, Section 3.	Sinking Fund, Article 7, Section 12.	Total.
1870			$227,864 79	$227,864 79
1871			240,957 65	240,957 65
1872		$913,866 65	251,435 90	1,165,302 55
1873			230,271 15	230,271 15
1874	$195,000 00	575,339 69	260,879 23	1,031,218 92
	$195,000 00	$1,489,206 34	$1,211,408 72	$2,895,615 06

EXHIBIT E.

Distribution of the surplus canal revenues for each of five years, commencing with 1870.

	SURPLUS.	DISTRIBUTION.		
		Sinking Fund, Article 7, Section 2.*	Sinking Fund, Article 7, Section 3.	Fund for Support of Governm't, Sec. 3.
1870	$569,974 61	$569,974 61	----------	----------
1871	981,588 68	981,588 68	----------	----------
1872	1,202,571 35	1,202,571 35	----------	----------
1873	1,623,286 80	1,500,000 00	$123,286 80	----------
1874	1,478,506 08	----------	1,278,506 08	$200,000 00
	$5,855,927 52	$4,254,134 64	$1,401,792 88	$200,000 00

Sinking Fund, Art. 7, Sec. 2	$4,254,134 64
Sinking Fund, Art. 7, Sec. 3	1,401,792 88
Fund for support of Government, Art. 7, Sec. 3	200,000 00
	$5,855,927 52

* The contribution to this Sinking Fund in 1873 was a final contribution.

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